GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1430
ANSWERED ON:08.03.2002
INFLATION RATE
ANANDRAO ADSUL;GANGASANDRA SIDDAPPA BASAVARAJ;IQBAL AHMED SARADGI;YEMPARALA VENKATESWARA RAO

Will the Minister of FINANCE be pleased to state:

(a) whether the inflation rate once again dipped to the lowest-ever figure of 2.40 percent in the last 18 months for the period ended November 24, 2001 as against 7.84 percent in the comparable period a year ago;

(b) if so, the reasons for the same`

(c) whether despite this the industrial growth is not showing any positive result; and

(d) if so, the steps being considered by the Government to contain the inflation rate and to increase the base of industrial growth?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a): Yes Sir.

(b):Unlike last year when administered prices of fuel group were raised twice, the current year witnessed moderation in international prices of crude oil. The price rise in manufactured sector remained negligible, though, the primary product group prices which include mostly agro commodities rose by over 3 per cent. On the supply side there was improved availability of most of the essential commodities particularly foodgrains which was an important factor in keeping the price rise subdued.

(c) & (d) : Industrial production recorded a growth rate of 2.3 percent during first nine months (April - December) of 2001-02 as compared with 5.8 percent during the corresponding period of the previous year. The Central Government budget for 2002-03 has announced several measures to boost industrial production and investment. These measures have been targeted to improve productivity and competitiveness of Indian industry in general and to boost aggregate demand, improve infrastructure base, upgrade technology and encourage foreign investment flows. In addition, specific measures have been taken in specific sectors such as steel and textiles. These measures are expected to have a favourable impact on industrial production and investment.